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E-retailing Grocery Market in India

Report Categories:

Retail Foods

Market Development Reports

Exporter Guide

Beverages

Snack Foods

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Report Highlights:

India has an estimated 120 million active internet users and online retailing is the fastest growing retail segment. Currently, there are 14 online food retailers; most carry at least some imported food products and one sells imported food products exclusively. Whether retailers will be able to compete with the traditional neighborhood grocer remains to be seen, but the greater selection online retailing provides could prove attractive for some consumers.

General Information:

The Early Days of Online Grocery Retailing

According to the Internet and Mobile Association (IAMI) of India, as of June 2012 there were 120 million active internet users in India, of which 80 million were in urban areas and 31 million were in rural areas. Many users connect to the internet via mobile phones and mobile 3G dongles. Online retailing, while still in its infancy, is reportedly the fastest growing retail segment in India. IAMI indicates that e-retailing grew 25 percent during 2012. Indian consumers are overcoming biases against purchasing an item without prior inspection and concerns about the safety of automated transactions. Additionally, convenience, price and selection are factors that are driving growth in the industry. To attract consumers, retailers are providing free home delivery, discounts and payment options such as payment on delivery.

Several internet grocery retailers have launched over the past few years. Table 1 lists fourteen online food retailers. Domestic products dominate the product categories, but most carry at least some imported food products and the newly-launched T.F. Foods sells only imported food products nationwide via its relationship with ebay. Given the small sales volumes and the complexity of importing food products in India, online retailers currently rely on local distributors for supplies of imported food products.

Most online retailers limit their distribution to a particular city, but operations could expand with successful business models. India opened its market to imported food products just ten years ago and distribution of imported foods tends to be limited to the major cities in India. However, importers are expanding their traditional distribution to smaller cities and online sales could be a way to reach consumers that are even farther from major population centers. As Indians go abroad for school, vacation and business, many develop a fondness for particular foreign foods or brands that are not available in more isolated cities and regions; supplying these consumers could present an opportunity for online retailers. Closer to home, online retailers have to compete with traditional kirana stores (independent small grocers) that provide quick home delivery and credit to neighborhood consumers. Compared to neighborhood kirana stores, online retailers face longer delivery challenges from traffic, poor roads and cost. Nevertheless, online retailers enable consumers to similarly bypass the lack of parking and traffic congestion in most Indian cities while providing better selection than a neighborhood store. Thus far, only one brick and mortar retailer has entered the online grocery business; Nature's Basket, a gourmet food retailer with a presence in major cities.

Table 1. Online Grocers in India

Website	Domestic or Imported Foods	Cities operating in
www.ekstop.com	Domestic	Mumbai
www.localbanya.com	Domestic	Mumbai
www.eemli.com	Local fresh fruits and vegetables	Mumbai
www.aaloo.in	Domestic	Mumbai
www.bigbasket.com	Domestic and Imported	Bangalore, Mumbai, Hyderabad
www.mygrahak.com	Domestic and Imported	Delhi
www.dilligrocery.com	Domestic	Delhi
www.zopnow.com	Domestic and Imported	Bangalore
www.towness.com	Domestic and Imported	Bangalore
www.chennaionlinegrocery.com	Domestic	Chennai
www.aaramshop.com	Domestic and Imported	Delivery in 30 cities through independent grocers
www.farm2kitchen.com	Domestic (all organic)	Delivery to 262 cities
https://daily.ebay.in/ (T.F. Food Limited, part of Ebay)	Imported	Delivery all across India
http://shop.naturesbasket.co.in/mumbai/	Domestic and Imported	Delivery in Mumbai, New Delhi/NCR, Hyderabad and Pune